



## Georgia Department of Banking & Finance

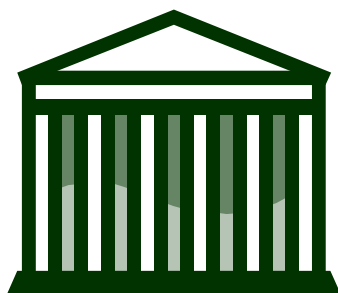
## NON-DEPOSITORY FINANCIAL INSTITUTIONS

# Monthly Summary of Mortgage Activities For the Period Ending March 2007

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## NEWS ITEMS

### *Mortgage Licensing System*

GEORGIA DEPARTMENT  
OF BANKING AND FINANCE  
ANNOUNCES COMMITMENT TO  
PARTICIPATE IN CSBS/AARMR  
MORTGAGE LICENSING SYSTEM

On February 28, 2007, Commissioner Braswell announced that the Department plans to participate in the Residential Mortgage Licensing System ("System") now under development by the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR).

The System will be used by participating state residential mortgage regulators to accept and process national, uniform license applications and renewal forms that have been created by state regulators over the past two years. Licensees will be able to electronically manage a single record in the System to apply for, amend, renew, and surrender licenses in one or more regulated jurisdictions. The System will manage state licenses for mortgage companies, branches, and individuals.

Although the system is scheduled to be operational by

January 2008, Georgia will not be participating in the system before 2009.

Read the full text of the Press Release, [PR 2/28/2007: DBF Announces Commitment to Participate in Mortgage Licensing System](#) on our website at:

[http://dbf.georgia.gov/  
dbfpublications](http://dbf.georgia.gov/dbfpublications)

### *Mortgage Fraud Information*

SOUTH CAROLINA PUBLISHES  
MORTGAGE FRAUD STUDY

The South Carolina Department of Consumer Affairs, in coordination with the North Carolina Commissioner of Banks, the Georgia Department of Banking and Finance, the Florida Office of Financial Regulation and the Department of Housing and Urban Development (HUD) (Southeastern Region), sponsored a mortgage fraud conference in Savannah, Georgia, on June 22, 2006. The conference, "*Stop Mortgage Fraud, Spot it! Stop it!*," was attended by state and federal regulators and law enforcement, including the sponsors, the FBI, the US Attorney for SC and NC, other law enforcement and regulators, and

industry professionals. The conference resulted in increased cooperation and information sharing between all participants to combat mortgage fraud.

South Carolina has published a study, while geared towards consumers, provides a comprehensive overview of several topics that licensees might want to share with their customers, or which may answer some of questions concerning the recent trends in the industry, such as:

- ◆ What is Mortgage Fraud?
- ◆ What is Causing the Increase in Mortgage Fraud?
- ◆ Who Pays for Mortgage Fraud?
- ◆ What is the Extent of Mortgage Fraud?
- ◆ How Do We Combat Mortgage Fraud?
- ◆ Recommendations

The text of the complete study is available from the South Carolina Department of Consumer Affairs on the web at:

[www.sccconsumer.gov](http://www.sccconsumer.gov)

SOUTH CAROLINA DEPARTMENT  
OF CONSUMER AFFAIRS:  
**MORTGAGE FRAUD  
REPORT**

Continued on Page 2

## 2007 Legislative Update: GRMA

As reported previously, the Department's Housekeeping Bill for this legislative session is Senate Bill 70.

The legislation is currently making its way through the session, having been passed by the Senate and is under consideration by the House.

The following are the significant items related to the Georgia Residential Mortgage Act, Article 13 of Chapter 1 of Title 7 of the Official Code of Georgia, Sections 7-1-1000 to 7-1-1021. As the legislative session comes to a close, please be aware of changes as adopted to the Georgia Residential Mortgage Act. A complete marked-up version of the housekeeping bill can be found on the internet at:

[http://www.legis.ga.gov/legis/2007\\_08/fulltext/sb70.htm](http://www.legis.ga.gov/legis/2007_08/fulltext/sb70.htm)

### Proposed Amendments

#### Title 7, Chapter 1, Article 13

#### Official Code of Georgia

#### Licensing of Mortgage Lenders and Mortgage Brokers

##### §7-1-1001

The proposed change removes the availability of a licensing exemption for a person, other than a natural person, to make five or fewer loans per year.

§§§

##### §7-1-1004

This amendment requires licensees and applicants to commence performing background checks within ten days of the initial hire of an employee. In addition the timeframe in which the Department may not issue a license or may revoke a license from an applicant or licensee that employs any person against whom a final cease and desist order has been issued has been extended from three to five

years.

§§§

##### §7-1-1006

This amendment eliminates branch application approval by operation of law if an application is not acted upon by the Department within 30 days.

§§§

##### §7-1-1008

This amendment requires that a person who directly or indirectly acquires 10% or more of the ownership of a licensed entity must follow certain approval steps. The prior provision set the ownership threshold at 25%.

§§§

##### §7-1-1009

This amendment clarifies that a licensee should maintain separate personal and business records.

§§§

##### §7-1-1016

This amendment provides language prohibiting the use of loan information pertaining to a designated individual in advertisements without required disclosures being made.

§§§

##### §7-1-1017

Language has been added to allow the Department to suspend or revoke a mortgage broker education approval on any ground on which it might refuse to issue an approval. The amendment also includes a provision that any notice or final order sent by certified mail that is returned to the Department as "refused" or "unclaimed" will be deemed to have been received by the addressee.

§§§

##### §7-1-1018

This amendment includes a provision that any notice or final order sent as

required which is returned to the Department as "refused" or "unclaimed" is deemed to have been received by the addressee.

## ADMINISTRATIVE MATTERS

### Examination Issues

#### GAFLA

It has come to the Department's attention that many mortgage brokers rely on lenders to make the determination whether their residential mortgage loans have points and fees of 5% or more, as calculated under the Georgia Fair Lending Act ("GAFLA"). This is a very risky practice, as mortgage brokers are held equally responsible for any violations that may be committed.

Penalties for violation of GAFLA subjects the creditor, which includes mortgage brokers who failed to conduct appropriate due diligence, to damages, including actual, consequential, incidental, and punitive damages; statutory damages of twice the interest paid and forfeiture of all future interest; costs and reasonable attorney fees; equitable claims, including injunctions; class actions; special rescission rights of up to 5 years after consummation; enforcement proceedings from the Attorney General, the Department of Banking and Finance, and Department of Insurance; and criminal prosecution.

In addition to conforming to GAFLA, you must ensure that you are in compliance with Mortgage Division Rule 80-11-2.02(1)(I),

(Continued on page 3)

## UPCOMING SPEAKING ENGAGEMENTS

- ◆ NDFI Director of Mortgage Supervision Sandra Sheley and Examiner Bob Bauguss will be speaking at the Atlanta Mortgage Bankers Association Luncheon on April 10th.
- ◆ NDFI Senior Examiner Betty Thomas will be speaking at the I-85 North Board of Realtors on Thursday, April 12, 2007 at Noon. The topic is "Changes to Lending Laws". She will also provide an update on mortgage fraud.
- ◆ Ms. Thomas will also be speaking to ReMax Atlanta on April 10th.



## Useful Links

MORTGAGE FORMS: CODE,  
REGULATIONS &  
APPLICATIONS  
[DBF.GEORGIA.GOV/DBFMTGFORMS](http://DBF.GEORGIA.GOV/DBFMTGFORMS)

UPDATING LICENSE  
INFORMATION  
[DBF.GEORGIA.GOV/DBFMTGFORMS](http://DBF.GEORGIA.GOV/DBFMTGFORMS)

MORTGAGE SUMMARY  
[DBF.GEORGIA.GOV/DBFMTGSUMMARY](http://DBF.GEORGIA.GOV/DBFMTGSUMMARY)

## FY 2008 Renewals

The FY2008 on-line license renewal period has closed. Late renewal fines have been assessed, and for broker/processor licensees who failed to obtain Continuing Education credits prior to April 1, the \$1,000 fine will be assessed.

Should any additional information be required for any license renewal, the licensee will be contacted by e-mail or fax ONLY. Renewals requiring additional information cannot be approved until such information is received and approved. With few exceptions, all outstanding fines and fees must be paid. As most licensees wait until the deadline to make their renewal application, the bulk of the renewal reviews have only begun. Please do not contact the Department regarding the status of your renewal. We will contact you if additional information is required.

**BROKERS/PROCESSORS ONLY - CONTINUING EDUCATION REQUIREMENT** - If you failed to meet the continuing education requirement to renew by the March 31 deadline, then a \$1,000 fine will be assessed, in addition to the \$300 late renewal fine which was assessed as of April 2. In order to renew, the continuing education credits must be obtained prior to June 30, 2007, and both fines noted above must be paid.

## DBF Website

AS noted last month, the Department has launched a new website within the State's [georgia.gov](http://georgia.gov) web portal. It contains a new layout which should provide enhanced navigation. The following information should also provide some quick tips for finding information on our old site.

Please note the new website address, <http://dbf.georgia.gov>. While the old URL <http://www.gadbf.org> will still access the site, use of that URL will automatically redirect the user to the new address.

The new site is organized by regulated entity type. The main menu navigation, which is in the upper left-hand corner of the main page, contains the following options:

**Consumer Resources**  
**Banks & Holding Companies**  
**Credit Unions**  
**Mortgage Brokers & Lenders**  
**Money Service Businesses**  
**Publications**  
**Laws and Regulations**

Clicking on any of the links by entity will open submenus where additional menu choices narrow the search. The new website is designed to put most items the user needs within their specific menu framework.

The search feature has been greatly improved, and should provide users much needed assistance. It is in the upper-right hand corner of each page.

## CONTINUING EDUCATION: COURSES & PROVIDER NOTES

Department Rule 80-11-4-.01(7) provides information for licensees regarding the content of the courses that qualify for continuing education credits, and reiterates recordkeeping requirements for licensees *as well as* in-state providers, as noted below:

### ◆ Course Content:

Rule 80-11-4-.01(7)(a) covers content. Continuing education courses must pertain to the topics noted in that paragraph. Not all elements must be taken each year with the exception of fraud prevention, but the hours earned must center on the topical areas noted.

### ◆ Education Providers:

Rule 80-11-4-.01(7)(c) indicates that providers shall assign a certificate number to each attendee of a seminar, course or class. Also, Education providers approved to provide licensing education courses for Georgia licensees ("in state" providers as noted in regulation), must keep lists of attendees for at least two years.

Some in-state providers ARE NOT assigning a certificate number, rather using the license number. While this might be incorporated into a certificate numbering scheme by the provider, a single number for several classes is not sufficient. The certificate numbers need to be unique to the course and the licensee, and not result in duplicate numbers in the system.



## REMI NDER Fi nanci al Statements

The Department would like to remind licensees, particularly lender licensees, that financial statement filings are no longer required by the Department at any time, and particularly with the renewal.

The GRMA was changed in 2005 to eliminate the net worth requirement as a means for qualifying for a license, providing instead for a surety bond or letter of credit in the amount of \$150,000 for lenders, and \$50,000 for brokers.

Since that became effective, submission of financial statements is no longer required, so please DO NOT submit these statements to the Department.

(GAFLA—Continued from page 2)

which states, in part, that you must maintain, "[a]n indication of whether each loan has points and fees of 5% or more, as calculated under the Georgia Fair Lending Act." As an example, you may decide to have this indication or "indicator" located in each loan file or you may choose to display it on your Mortgage Loan Transaction Journal.

Instead of relying on others, do not put your business at risk of incurring any of the penalties mentioned. Perform the GAFLA calculations yourself. You can visit the Department's website, <http://dbf.georgia.gov> for more specific information on GAFLA and additional resources that you may find helpful.



## CEASE AND DESIST ORDERS—ISSUED

- ◆ **Apiafi, Samuel A., Norcross, GA** – Cease and Desist Order issued February 9, 2007 became final on March 20, 2007.
- ◆ **Asset Buyers Consortium, LLC, Covington, GA** – Cease and Desist Order issued February 16, 2007 became final on March 19, 2007.
- ◆ **Direct Lending Partners, LLC, Clearwater, FL** – Cease and Desist Order issued February 27, 2007 became final on March 30, 2007
- ◆ **Do Mato, Melissa, aka Melissa A. Sant, d/b/a Mortgage Investment Brokers, Inc., McDonough, GA** – Cease and Desist Order issued February 2, 2007 became final on March 5, 2007.
- ◆ **Gabriel, Derek, Marietta, GA** – Cease and Desist Order issued February 13, 2007 became final March 6, 2007.
- ◆ **Graham, Brian, Atlanta, GA** – Cease and Desist Order issued February 13, 2007 became final March 16, 2007.
- ◆ **Jackson, Lisa, Marietta, GA** – Cease and Desist Order issued January 29, 2007 became final on March 1, 2007.
- ◆ **Johnson, Gerald, Marietta, GA** — Cease and Desist Order issued March 5, 2007 became final on March 26, 2007.
- ◆ **Joyce, Eric d/b/a Bear Creek Home Lending, Anamosa, IA** – Cease and Desist Order issued February 13, 2007 became final on March 16, 2007.
- ◆ **Lenox Investment Group, Inc., Atlanta, GA** – Cease and Desist Order issued February 13, 2007 became final on March 16, 2007.
- ◆ **Marcelin, Gladys dba gladyshomeloans.com, Marcelin Mortgages, Georgetown Mortgage, Atlanta, GA** – Cease and Desist Order issued January 30, 2007 became final on March 2, 2007.
- ◆ **Maximus Investment Group, LLC, Atlanta, GA** – Cease and Desist Order issued February 9, 2007 became final on March 12, 2007.
- ◆ **McHenry, Vince dba Madison Processing Services, Hanover, PA** – Cease and Desist Order issued February 2, 207 became final March 5, 2007.
- ◆ **Nobles Realty & Associates, LLC, Norcross, GA** – Cease and Desist Order issued January 31, 1007 became final March 3, 2007.
- ◆ **Real Estate Services Conglomerate (RESCOG), Washington, DC** – Cease and Desist Order issued February 13, 2007 became final March 16, 2007.
- ◆ **Sheppard, Alana (Misreps), Roswell, GA** – Cease and Desist Order issued February 13, 2007 became final March 29, 2007.
- ◆ **Sheppard, Alana (Unlicensed), Roswell, GA** – Cease and Desist Order issued February 13, 2007 became final March 29, 2007.
- ◆ **Watkins, Joseph, Ellenwood, GA** – Cease and Desist Order issued March 8, 2007 became final March 29, 2007.
- ◆ **Zielinski, Joshua Bryan, d/b/a Veracity Mortgage, Inc., Los Angeles, CA** – Cease and Desist Order issued February 9, 2007 became final March 12, 2007.

## CEASE AND DESIST ORDERS—LIFTED OR RESCINDED

- ♦ **Novelle Financial Services, Inc., Laguna Hills, CA (license no. 16974)** – Cease and Desist Order issued January 25, 2007 was rescinded on March 9, 2007.

## FINAL CONSENT ORDERS —ISSUED

- ♦ **Brewer, Anthony, Lithonia, GA** - Consent Order entered into March 29, 2007.
- ♦ **Challenge Financial Investors, St. Petersburg, FL—(license no. 17517)** - Consent Order entered into March 02, 2007.
- ♦ **Homequest Financial Services, Stone Mountain, GA - (license no. 17517)** - Consent Order entered into March 29, 2007.
- ♦ **North American Real Estate Services, Coral Springs, FL— (license no. 18601)** - Consent Order entered into March 15, 2007.
- ♦ **Santoli, Andres, Coral Springs, FL—** Consent Order entered into March 15, 2007

## SUPERIOR COURT INJUNCTIONS

- ♦ **None**

## FINE PUBLICATION

Information regarding fines assessed against a specific licensee and against whom there are no pending administrative actions, is available on an individual licensee basis by submitting a written request to the following e-mail address: [dbfmort@dbf.state.ga.us](mailto:dbfmort@dbf.state.ga.us).

### FINE REASON

7 Licensees fined for Advertising Violations	1 Licensee fined for Prohibited Acts
1 Licensee fined for Unapproved Branch	1 Licensee fined for doing business w/ Unlicensed Entity
1 Licensee fined for Unapproved Branch Manager	
83 Licensees fined for \$6.50 Fees Not Paid	

**LICENSEES/REGISTRANTS REVOKED, EXPIRED, SURRENDERED, WITHDRAWN OR DENIED  
IN MARCH 2007**

ID#	NAME	CODE	REVOKED	EXPIRED	SURRENDERED	WITHDRAWN	DENIED
11932	CLEARLIGHT MTG CORP	LD				03-29-2007	
12730	CONCORDE ACCEPTANCE CORP	LD				03-09-2007	
13148	CENTRAL PACIFIC MTG CO	LD				03-12-2007	
13189	E-LOAN INC	LD				03-01-2007	
13241	OCEANS FUNDING CO INC	LD				03-22-2007	
15057	LOANCITY (INC)	LD				03-27-2007	
15773	RITCHIE & ASSOC INC	BD				03-16-2007	
15790	CHALLENGE FINL INV CORP	LD	03-02-2007				
16199	CONSUMER MTG SVCS INC	LD				03-08-2007	
17517	HOMEQUEST FINANCIAL SVCS	LD	03-29-2007				
18067	BUCKINGHAM MTG CORP	LD				03-15-2007	
19211	NEW LOGIC MTG LLC	BD				03-16-2007	
19573	MTG LOAN SPECIALISTS INC	LD				03-02-2007	
20174	FMF CAP LLC	LD				03-16-2007	
20192	HMB FUNDING CORP III	LD				03-23-2007	
20260	MORGAN STANLEY MTG CAP INC	RD				03-30-2007	
20308	S&L BROKERS LLC	BD				03-22-2007	
20362	PROCESSING SOLUTIONS INC	BD				03-09-2007	
20706	INTL HM MTG INC	BD				03-26-2007	
21846	DOGWOOD MTG SVCS LLC	BD				03-15-2007	
21894	VULCAN FINL CORP	LD				03-22-2007	

**TOTAL: 21**



LICENSEES/REGISTRANTS APPROVED OR REINSTATED IN MARCH 2007							
ID#	COMPANY NAME	CITY	ST	MB CODE	ORIGINAL APPROVAL	RENEWAL	REINSTATED
22207	Trinity Funding, Inc.	Bayshore	NY	B	03-02-2007	03-02-2007	
22290	Premier Financial Funding, Inc.	Ellicott City	MD	B	03-02-2007	03-02-2007	
22292	Generation Mortgage Company	Atlanta	GA	L	03-02-2007	03-02-2007	
22321	Omega Mortgage Acceptance Corp.	Laguna Hills	CA	L	03-02-2007	03-02-2007	
22340	Dynasty Financial Consulting, Inc.	Marietta	GA	B	03-02-2007	03-02-2007	
22344	American Legacy Mortgage, Inc.	Gainesville	GA	B	03-02-2007	03-02-2007	
22066	First Liberty, Inc.	Laguna Hills	CA	L	03-02-2007	04-04-2007	
22233	Dominion, Inc.	Buford	GA	B	03-02-2007	04-04-2007	
22241	Century City Mortgage, LLC	Jonesboro	GA	L	03-02-2007	04-04-2007	
22268	Realty Funding Corporation (KS)	Leawood	KS	B	03-02-2007	04-04-2007	
22297	Equity South Mortgage, LLC	Douglasville	GA	B	03-02-2007	04-04-2007	
22316	WSB Mortgage Services, Inc.	Fair Oaks	CA	L	03-02-2007	04-04-2007	
22318	A-1 Mortgage Corporation	Mableton	GA	B	03-02-2007	04-04-2007	
22326	Act Now Financial, LLC	Snellville	GA	B	03-02-2007	04-04-2007	
22328	Gold Star Mortgage Financial Group, Corporation	Ann Arbor	MI	L	03-02-2007	04-04-2007	
22221	Advantage Mortgage Funding, LLC	Tampa	FL	B	03-16-2007	04-04-2007	
22238	Quality Financial Solutions, Inc.	Commack	NY	B	03-16-2007	04-04-2007	
22383	DFS Lending, LLC	Valrico	FL	B	03-16-2007	04-04-2007	
22216	1st Patriot Mortgage, Inc.	Orange Park	FL	B	03-23-2007	04-04-2007	
22346	Mountain Range Funding, LLC	Westminster	CO	L	03-23-2007	04-04-2007	
16974	Novelle Financial Services, Inc.	Laguna Hills	CA	L	12-21-2001	03-09-2007	03-09-2007
<b>TOTAL: 21</b>							

*	Upgrade Broker to Lender
+	Downgrade Lender to Broker
#	Upgrade Lender to Registrant
•	Downgrade Registrant to Lender

#### MB CODES

**B = BROKER**

**L = LENDER**

**R = REGISTRANT**

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